

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF VIRGINIA
CHARLOTTESVILLE DIVISION

MICHAEL DONALDSON,

Plaintiff,

V.

TRAE FUELS, LLC., et al.

Defendants.

Case No.: 3:18CV00097

DEFENDANTS' MOTION FOR SUMMARY JUDGMENT

EXHIBIT 12

To: Roger Knoph[rknoph@envirotechservices.com]; Kevin Whyrick[kwhyrick@envirotechservices.com]; Jonathan Nelson[jnelson@envirotechservices.com]
From: Chris LaRocco
Sent: 2014-06-05T23:51:00-04:00
Importance: Normal
Subject: Trae-Fuels Update - Observations/Finding
Received: 2014-06-05T23:51:00-04:00

Gents:

Here are my notes/findings during the past few days while working with Trae-Fuels.

Notes:

- Reviewed staffing levels against production output and the current fiscal state and found them to be non-optimal
- Recommended crew size reduction from 31 - 22 (they had started the reduction process before I and Beth's arrival)
- Worked with John on shift and shift hour realignment, which resulted in a change from 3 eight hour shifts to 2 twelve hour shift
- Held staff meetings to accommodate questions and provide answers to concerns
- Beth, John and I met with Michael Donaldson to review his performance which resulted in recommendations on both behavioral and work product correction. Michael was given tasks and direction on how to accomplish them over a two week period
- Are reviewing current P&L data against sales forecasts which will be translated into a short term cash-flow analysis that will become the value of the potential capital call
- Are reviewing operational issues and will have recommendation in the next update
- Are working on securing/wrapping up both an international pellet deal and a local kiln dried woodchip deal
- Christian reached out to Enviva (who called him last week) to explore bulk pellet opportunities (they have not come back with a price yet)
- Am meeting with the management team Friday to establish a working dialogue that promotes strategy and execution (with respect to their various rolls positions)
- Beth identified gaps in the hiring process and has laid out to the team that her involvement in both promoting the open positions and the hiring of candidates is MANDATORY
- Found that there was a culture of nepotisms occurring

Observations:

The overarching issues (which are being addressed) are both business and mechanical design.

John is hampered by day to day operational issues and struggles to meet startup and expansion expectations.

Michael Donaldson's general disposition favors scrutiny which lends to being over analytical. Too; Michael lacks the ability to translate Trae's finances into actionable plans (predictive). He also is lacking the confidence to voice his concerns to John in way that protects them from missing profitability expectations and cash management objectives (financial analysis).

Clayton Walker runs a great lab, has the most experience in the facility and works arduously alongside John on operational issues. His abilities to fill a greater managerial role (i.e. operations manager) have not been assessed and is therefore unknown at this time.

Christian Bach is the newest member to the team. Christian has become an asset in sales, supply chain and logistics. Where Christian has faltered most is in contract risk mitigation, however he is not without oversight and works through contract details with John, Michael and Chuck. Mr. Bach is adapting well and will get better over time.

The biggest challenge for them is to become cohesive unit. There also seems to be a need to prove that they can hit the proforma expectations rapidly. This has led the team to make decisions that are in hind sight hasty. This hast is genesis of the afore mentioned struggles.

I will have another update with financials tomorrow evening.

Respectfully;

Chris LaRocco
Corporate Strategist

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